

**BEFORE THE TENNESSEE REGULATORY AUTHORITY AT
NASHVILLE, TENNESSEE**

April 26, 2001

IN RE:)	
)	
BELLSOUTH TELECOMMUNICATIONS, INC.)	DOCKET NO.
TARIFF TO INCREASE ESSX, DIGITAL ESSX)	00-00863
AND ESSX ISDN RATES)	

ORDER DENYING TARIFF

This matter came before the Tennessee Regulatory Authority ("the Authority") at the regularly scheduled Authority Conference held on November 21, 2000, for consideration of BellSouth Telecommunications, Inc. ("BellSouth") Tariff to Increase ESSX, Digital ESSX and ESSX ISDN Rates (the "Tariff"). The Tariff was originally filed with the Authority on October 2, 2000 with the proposed effective date of November 2, 2000. At the regularly scheduled Authority Conference held on October 24, 2000 the Directors unanimously voted to suspend the proposed effective date of the Tariff until November 23, 2000. This Tariff seeks to increase prices for the intercom rate elements of ESSX and Digital ESSX and to increase prices for "B" and "D" channel elements of ESSX ISDN.

ESSX, Digital ESSX and ESSX ISDN are telecommunications services purchased by business customers for access to BellSouth's public switched network in order to complete local and long distance telephone calls, both voice and data. Additionally, these services allow business customers to utilize BellSouth's central office equipment to attain telephone services and features that are otherwise accomplished by a customer's purchase of PBX trunks and related

special PBX equipment. The intercom feature allows calls to be completed between a customer's individual stations without the call entering BellSouth's network. As provisioned by BellSouth, the station line can not be purchased without also purchasing the intercom feature.¹

After consideration of the record in this matter, the Directors unanimously denied the Tariff, finding that:

1. The intercom rate elements that are subject to the price increase are essential service elements of the ESSX and Digital ESSX station lines because the customer must purchase these intercom features when purchasing a station line.² Accordingly, any increase in the price of intercom rate elements would constitute an increase in the price of the related station line.

2. The "B" and "D" channel elements are essential elements of ESSX ISDN because these service elements, along with the basic rate interface, are indispensable components necessary to make ESSX ISDN a functional service. Without the "B" and "D" channel elements, voice and/or data traffic could not be transmitted.

3. The Authority has previously classified both the station line³ and ISDN⁴ as basic services pursuant to Tenn. Code Ann. § 65-5-208(a)(1).

4. The four-year price freeze on basic services as set forth in Tenn. Code Ann. § 65-5-209 has not expired under BellSouth's price regulation plan, therefore BellSouth's Tariff proposal constitutes an impermissible price increase in basic services pursuant to state law.

¹ See General Subscriber Services Tariff §§ A112.26.8.A (ESSX VS and 200), A112.26.9.A (ESSX 600), A112.26.10.A (ESSX XL), A112.28.8.A (Digital ESSX VS and 200), A112.28.9.A (Digital ESSX 600) and A112.28.10.A (Digital ESSX XL).

² Under the terms of BellSouth's Tariff, the intercom element is required for each station line.

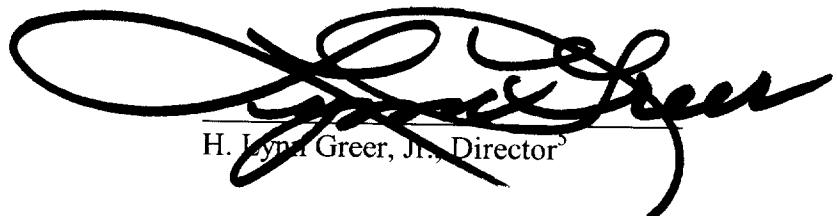
³ See *In re United Telephone-Southeast, Inc. Tariff No. 96-201 to Reflect Annual Price Cap Adjustment, Order Approving in Part and Denying in Part Tariff No. 96-201* at 11, TRA Docket No. 96-01423 (Sept. 4, 1997).

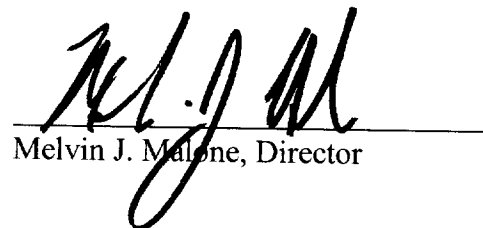
⁴ See *In re UTSE Tariff No. 97-361 to Reflect the 1997 Price Cap Adjustment, Order Denying Tariff No. 97-361* at 9-10, TRA Docket No. 97-01438 (Nov. 30, 1998).

IT IS THEREFORE ORDERED THAT:


BellSouth Telecommunications, Inc. Tariff to Increase ESSX, Digital ESSX and ESSX
ISDN Rates is denied.


Sara Kyle, Chairman


H. Lynn Greer, Jr., Director⁵


Melvin J. Malone, Director

ATTEST:


K. David Waddell, Executive Secretary

⁵ Director Greer did not concur with the majority's decision to the extent that it relied on the classification of ISDN as a basic service. Director Greer voted instead to deny approval of the Tariff because the intercom rate elements that are subject to the proposed price increase are, at BellSouth's discretion, provided to the customer as unavoidable service elements of the ESSX and Digital ESSX station lines; the Authority has previously classified station lines as basic services pursuant to Tenn. Code Ann. § 65-5-208(a)(1).